



Senate

General Assembly

February Session, 2014

File No. 278

Senate Bill No. 278

Senate, April 2, 2014

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING RESTRICTIONS ON INSURERS FOR
ADVERSE WEATHER-RELATED EVENTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-316d of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2014*):

4 (a) The declination, cancellation or nonrenewal of a homeowners
5 insurance policy or an increase in the premium of such policy is
6 prohibited if the declination, cancellation, [or] nonrenewal or increase
7 is based solely on a loss incurred as a result of [a catastrophic event as
8 declared by a nationally recognized catastrophe loss index provider]
9 any adverse weather-related event and such loss was not caused by or
10 resulting from the negligence of the insured. For the purposes of this
11 section, an insurer shall not be deemed to have declined, cancelled or
12 nonrenewed a policy if coverage is available through an affiliated
13 insurer.

14 (b) The declination or nonrenewal of a homeowners insurance
15 policy, the addition of a surcharge or any increase in the premium of
16 such policy is prohibited if the declination, nonrenewal, surcharge or
17 increase is based solely on any claim filed on the covered property
18 while such property was owned by anyone other than the current
19 applicant or insured, unless the risk from which such claim originated
20 has not been mitigated.

21 (c) The cancellation or nonrenewal of a homeowners insurance
22 policy or an increase in the premium of such policy is prohibited if the
23 cancellation, nonrenewal or increase is based solely on inquiries made
24 on such policy or a claim filed under such policy that resulted in a loss
25 coverage payment by the insurer of less than five hundred dollars or in
26 no loss coverage payment. [Such prohibition shall not apply if the
27 insured filed more than one claim resulting from a noncatastrophic
28 event in the three policy years immediately preceding that resulted in
29 any loss coverage payment by the insurer.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	38a-316d

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill addresses certain changes in homeowner's insurance policies. As it concerns private insurance transactions, there is no fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**SB 278*****AN ACT CONCERNING RESTRICTIONS ON INSURERS FOR ADVERSE WEATHER-RELATED EVENTS.*****SUMMARY:**

This bill narrows the circumstances when an insurer can cancel or decline to issue or renew a homeowner's insurance policy. Under current law, an insurer cannot take these steps based solely on a loss incurred from a catastrophic event as declared by a nationally recognized catastrophe loss index provider. The bill instead bars an insurer from taking these steps due solely to a loss incurred from an adverse weather-related event. The bill does not define this term. It also prohibits an insurer from increasing the premium on the policy due solely to losses incurred from an adverse weather-related event.

Under the bill, the restrictions on insurers do not apply to losses caused by or resulting from the insured's negligence. In addition, an insurer is not considered to have declined, cancelled, or declined to renew a policy if coverage is available through an affiliated insurer.

By law, an insurer cannot cancel or fail to renew a homeowner's insurance policy or increase its premium based solely on inquiries made on the policy or a claim filed on the policy that resulted in (1) a payment by the insurer of less than \$500 or (2) no payment. The bill eliminates an exception to this prohibition that allows the insurer to take these steps if the insured filed more than one claim resulting from a non-catastrophic event in the three immediately preceding policy years that resulted in any loss coverage payment by the insurer. Thus it bars the insurer from taking these steps under these circumstances.

EFFECTIVE DATE: October 1, 2014

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 8 (03/18/2014)